

Transition of Payroll Functions to Defense Finance and Accounting Service 4/15/03

Background

Since the mid-1990's the Department has reviewed options for modernizing its payroll processing software and operations. These included a 1996 study to outsource the payroll functions to the Department of Interior; a 1999 initiative to implement the PeopleSoft payroll application as a complement to the CHRIS-HR; and the 2001 business case study and detailed analysis to outsource the payroll functions to the General Services Administration (GSA). In each of these initiatives, the Department learned that the options were cost prohibitive and preempted the implementations. The initiative to outsource to GSA was terminated in May 2002.

With the passing years and without any positive change to either outsource the payroll functions or replace the Department's aging legacy systems and processes, the Department's payroll vulnerabilities were being exposed and the Department was facing increased risks as to whether it could continue to adequately sustain the payroll operations. The Department's Energy Time and Attendance (ETA) System is a DOS based application and is quickly becoming incompatible with newer software applications. Additionally, within the past two years, the Department's payroll support staff has been deeply and adversely affected by the departure of many experienced and knowledgeable staff members.

Shortly after the GSA initiative was terminated, the Department conducted an analysis of the Defense Finance and Accounting Service's (DFAS) payroll system and web-based T&A system functionalities and evaluated the implementation cost estimates. Based on the favorable outcomes, strategies and plans to outsource the payroll functions to DFAS have been developed and are being implemented. This includes transition to DFAS's payroll system [Defense Civilian Pay System (DCPS)] and migrating to DFAS's T&A system [Automated Time, Attendance and Production System (ATAAPS)]. The target migration to both systems is August 10, 2003.

Benefits of Transition to DFAS

- More cost effective than correcting in-house vulnerabilities associated with antiquated legacy systems, staffing reductions, loss of knowledge base, and an aged technical infrastructure that is incompatible with latest technologies.
- DFAS is experienced in payroll services and can accommodate all of DOE including the unique requirements associated with the Power Marketing Administrations.
- DFAS cost estimates were significantly lower than other providers explored.
- DFAS T&A system is web-based and provides electronic certification and submission of T&A.
- Projected reduction in costs to DOE organizations for payroll services.
- Employees will be able to continue to receive their statements electronically.

Project Status – Major Milestones

- Partnered with DFAS to determine feasibility of transitioning

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| DOE's payroll functions | Completed 6/02 |
| ▪ DFAS/DOE Systems Requirements and Policy Gap Analysis | Completed 7/02 |
| ▪ Evaluation of DFAS cost estimates for gaps, conversion and ongoing service (favorable Return on Investment) | Completed 8/02 |
| ▪ Endorsement from Working Capital Fund (WCF) Board | Completed 9/02 |
| ▪ Letter of intent to transition to DFAS signed by the Director, Office of Management, Budget and Evaluation/CFO | Completed 9/02 |
| ▪ Memo to Heads of Departmental Elements announcing transition of payroll services | Completed 12/02 |
| ▪ Project plan and schedule for conversion | Completed 1/03 |
| ▪ Just in Time Training | 6/2-8/9 |
| ▪ Parallel Testing | PP Ending 7/12 & 7/26 |
| ▪ Live Implementation | PP Beginning 8/10 (Pay Date 9/4) |


Pay Day

No change – second Thursday

Project Documents

The following documents are available:

 [Outsourcing of Payroll and Related Services briefing package, dated March 2003](#)

 [Memo to Heads of Departmental Elements signed by the Director, Office of Management, Budget and Evaluation/CFO, dated 12/24/02](#)

Points of Contact – Payroll

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